

Automobile Industry in India

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May 22, 2009 - [PRLog](#) -- Car-ownership is a symbol of economic progress and is very high on a consumer's wish list of products. The face of the Indian automobile market has changed tremendously since the turn of the millennium and will change even further since Nano. Indian automobile industry has metamorphosed into a great industry since the first car ran on the streets of Bombay in 1898. Today, automobile sector in India is one of the key sectors of the economy in terms of the employment. Directly and indirectly it employs more than 10 million people and if we add the number of people employed in the auto-component and auto ancillary industry then the number goes even higher.

The automobile industry lists heavy vehicles like the trucks, buses, tempos, tractors, private or commercial passenger cars and two-wheelers. The automobile sector in India underwent a metamorphosis as a result of the liberalization policies by the government since 1991 which included relaxation of the foreign exchange and equity regulations, reduction of tariffs on imports, and refining the banking policies. After the automobile industry opened to direct investment from foreign countries in 1996, global automobile industry majors moved in. Automobile industry in India also received a boost from stringent government auto emission regulations over the past few years. This ensured that vehicles produced in India conformed to the standards of the developed world.

Indian automobile industry has also become an out sourcing hub for automobile companies worldwide, as indicated by the zooming automobile exports from the country. Today, GM, Ford, Hyundai, Honda, Mitsubishi and Toyota have set up their manufacturing units in India. Due to rapid economic growth and higher disposable income it is believed that the success story of the Indian automobile industry is just beginning. Factors influencing the growth of the auto industry include sales incentives, introduction of new models as well as variants and easy availability of low cost finance with comfortable repayment options continued to increase demand and sales of automobiles.

The major characteristics of Indian automobile sector are:

- Indian automobile is the second largest two-wheeler market in the world
- Indian automobile fourth is the largest commercial vehicle market in the world
- Indian automobile is the 11th largest passenger car market in the world
- The Indian automobile will be the world's third largest automobile market by 2030

Trend of Growth of the automobile industry in India:

- Growth of exports of 32.8 % in commercial vehicles as against passenger cars
- Output of commercial vehicles has grown 2.8 times compared to the 2.2 times increase in passenger cars
- Two-wheeler output continues to dominate the figures of the sector
- In 2003-04, for every passenger car turned out, there were 7 two-wheelers produced
- In the two wheeler segment, there is a greater preference for motorcycles followed by scooters
- Mopeds have registered low or negative growth
- Export growth rates have been high both for motorcycles and scooters

Swaranjeet is an expert on automobile industry in India. He has published a number of articles on the

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